This information is available free of charge in electronic, audio, Braille and large print versions, on request.

For assistance in understanding or reading this document or specific information about this Agenda or on the “Public Participation” initiative please call Democratic Services on 01629 761133 or e-mail committee@derbyshiredales.gov.uk

4 October 2017

To: All Councillors

As a Member of the Council, please treat this as your summons to attend the meeting on Thursday 12 October 2017 at 6.00pm in the COUNCIL CHAMBER, TOWN HALL, MATLOCK.

Yours sincerely

Sandra Lamb
Head of Corporate Services

AGENDA

PRESENTATION

Presentation by Superintendent Michelle Shooter and Inspector Dave Nash of Derbyshire Police regarding Policing in the Derbyshire Dales

1. APOLOGIES

Please advise Democratic Services on 01629 761133 or e-mail committee@derbyshiredales.gov.uk of any apologies for absence.

2. PUBLIC PARTICIPATION

To enable members of the public to ask questions, express views or present petitions, **IF NOTICE HAS BEEN GIVEN**, (by telephone, in writing or by electronic mail) **BY NO LATER THAN 12 NOON OF THE DAY PRECEDING THE MEETING**.

3. APPROVAL OF THE MINUTES OF THE PREVIOUS MEETINGS

27 July 2017

4. INTERESTS

Members are required to declare the existence and nature of any interests they may have in subsequent agenda items in accordance with the District Council’s Code of Conduct. Those interests are matters that relate to money or that which can be valued in money, affecting the Member her/his partner, extended family and close friends. Interests that become apparent at a later stage in the proceedings may be declared at that time.
5. **LEADER’S ANNOUNCEMENTS**
   Announcements of the Leader of the Council.

6. **CHAIRMAN’S ANNOUNCEMENTS**
   Announcements of the Chairman of the District of Derbyshire Dales.

7. **COMMITTEES**
   To receive the non-exempt minutes of the Committees shown below:

   **Committee**

   **Non Exempt Minutes to be Received**

<table>
<thead>
<tr>
<th>Committee</th>
<th>Date</th>
</tr>
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<tbody>
<tr>
<td>Council</td>
<td>27 July 2017</td>
</tr>
<tr>
<td>Planning Committee</td>
<td>08 August 2017</td>
</tr>
<tr>
<td>Licensing &amp; Appeals Sub-Committee</td>
<td>10 August 2017</td>
</tr>
<tr>
<td>Licensing &amp; Appeals Sub-Committee</td>
<td>10 August 2017</td>
</tr>
<tr>
<td>Planning Committee</td>
<td>05 September 2017</td>
</tr>
<tr>
<td>Community &amp; Environment Committee</td>
<td>07 September 2017</td>
</tr>
<tr>
<td>Governance &amp; Resources Committee</td>
<td>14 September 2017</td>
</tr>
</tbody>
</table>

**MINUTE BOOK TO FOLLOW**

8. **QUESTIONS (RULE OF PROCEDURE 15)**
   Questions, if any, from Members who have given notice.

9. **BUSINESS RATES REVALUATION: TEMPORARY RELIEF SCHEME**
   To consider approval of a temporary business rate relief scheme, and associated delegations, that will support small and medium sized businesses in the Derbyshire Dales adversely affected by the Business Rates revaluation of April 2017.

10. **BUSINESS RATES DISCRETIONARY RELIEF POLICY OPTIONS**
    To consider approval for consultation on policy options for discretionary reliefs for National Non-Domestic rates (business rates), that aim to assist genuine local charities and to support those businesses delivering additional high-quality jobs in the Derbyshire Dales.

11. **TREASURY MANAGEMENT ANNUAL REPORT 2016/17**
    To consider approval of the Treasury Management Annual Report for 2016/17.
12. VACATION OF OFFICE DISPENSATION – COUNCILLOR IRENE RATCLIFFE

To consider granting a dispensation to allow Councillor Irene Ratcliffe to be absent from meetings of the Council for a period exceeding six months.

13. REFERRED ITEMS

To consider two recommendations referred from the Governance & Resources Committee meeting held on 14 September 2017.

14. SEALING OF DOCUMENTS

To authorise that the Common Seal of the Council be affixed to those documents, if any, required completing transactions undertaken by Committees or by way of delegated authority to others, since the last meeting of the Council.

21. EXCLUSION OF PUBLIC AND PRESS

At this point the Committee will consider excluding the public and press from the meeting for the remaining items of business for the reasons shown in italics. The Chairman will adjourn the meeting briefly to enable members of the public to speak to Councillors.

22. COMMITTEES

To receive the exempt minutes of the Committees shown below:
(The following minutes are exempt because they contain information relating to individuals)
Licensing & Appeals Sub Committee – 10 August 2017
Licensing & Appeals Sub Committee – 16 August 2017

NOTE

For further information about this Agenda or on “Public Participation” call 01629 761133 or e-mail committee@derbyshiredales.gov.uk
BUSINESS RATES REVALUATION: TEMPORARY RELIEF SCHEME

PURPOSE OF REPORT
To approve a temporary relief scheme that will support small and medium sized businesses in the Derbyshire Dales adversely affected by the Business Rates revaluation of April 2017.

RECOMMENDATION
1. The temporary revaluation relief scheme for business rate revaluation as set out in the report be approved
2. The Head of Resources be given delegated authority to implement the scheme immediately
3. The Head of Resources and the Financial Services Manager be given delegated authority to determine applications under the scheme

WARDS AFFECTED
All

STRATEGIC LINK
Economic development is highlighted in the Corporate Plan 2015-2019 as the District Council’s highest priority. Business growth and job creation is the top priority, following extensive public consultation confirming that a thriving district is residents’ overriding wish. The District Council’s vision is for a Derbyshire Dales with high-wage, high-skill jobs.

1 BACKGROUND
1.1 Revaluation of commercial properties came into effect in April 2017, entailing lower National Non-Domestic Rate (business rate) bills for some businesses but higher bills for others.

1.2 Reacting to the fact that a number of businesses faced significantly increased business rates, the Government announced in the Spring Budget that there would be three measures to mitigate the effect of these increases. The first is Supporting Small Business Relief for properties losing some or all of their Small Business Rate Relief or Rural Rate Relief following the 2017 revaluation capping the increase to £600 for eligible small businesses – details were announced by the Government in May 2017. The second is a
measure designed to cap the increase for small pubs to £1,000 in 2017/18 – details were announced by the Government in June 2017.

1.3 The third Government measure was put in place on 22 June 2017. It is a £300 million temporary fund (allocated between local authorities) to be distributed under locally-designed criteria to the businesses facing the most significant increases.

1.4 The fund will soften the impact of business rate increase resulting from revaluation, and is time-limited to four years. The Government’s allocation to Derbyshire Dales District Council is:

<table>
<thead>
<tr>
<th>Year</th>
<th>2017/18</th>
<th>£375,000</th>
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<tbody>
<tr>
<td>Year 2</td>
<td>2018/19</td>
<td>£182,000</td>
</tr>
<tr>
<td>Year 3</td>
<td>2019/20</td>
<td>£75,000</td>
</tr>
<tr>
<td>Year 4</td>
<td>2020/21</td>
<td>£11,000</td>
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1.5 Since June, an officer working group convened especially for the purpose has developed a temporary revaluation relief scheme to utilise the above funding. In doing so, it has been important to design criteria that enable the fund to be spent in cases of greatest need; but not to be overspent as the amount is very clearly limited. The funds available taper and the Government has specifically stated that amounts cannot be moved between years – the figures they have given are fixed with no flexibility offered.

1.6 In order to implement the temporary revaluation relief scheme, the business rates software (supplied in our case, as with many local authorities, by Capita) had to be updated, the updates tested and then supplied to the District Council. We received the updated software on 18 August 2017. It is expected this will be installed and rebilling for 2017/18 undertaken by the end of October 2017.

2 REVALUATION TEMPORARY RELIEF SCHEME

2.1 In developing this business rates revaluation temporary relief scheme, the following key considerations have been taken into account:

- the need to design a scheme that utilises the fund as fully as possible whilst not overspending the fixed Government yearly allocations
- retaining a small proportion of the fund for appeals
- the sum available reduces year-on-year and lasts for four years only (it is a temporary fund)
- many firms have been already cushioned through Supporting Small Business Relief (or Pub Relief), where an increase in business rates up to £600 per year has been discounted (see below).

2.2 The key criteria for the business rates revaluation temporary relief scheme are therefore:

a) The scheme applies only to business rate increases due to revaluation coming into effect on 1 April 2017
b) In order not to undermine the Supporting Small Business Relief scheme, and to ensure all businesses are treated equitably, all businesses will pay the first £600 of any increase in 2017/18 (year 1); the first £1,200 of any increase in 2018/19 (year 2); and the first £1,800 of any increase in 2019/20 (year 3).

c) There will be no ‘double counting’ between revaluation relief, supporting small business relief and pub relief, i.e. a business will benefit from just one of these reliefs. Supporting Small Business Relief and Pub Relief (the latter available for 2017/18 only) will be applied first, with remaining eligible properties supported under Revaluation Relief.

d) So that the fund limits are not breached, and to ensure that the benefits are directed towards those locally-based small and medium-sized businesses with potentially greatest need, the largest firms (those with more than 250 employees) will be excluded from the revaluation relief scheme. This exclusion applies to linked enterprises i.e. businesses forming part of larger chains/groups.

e) Premises with a rateable value greater than £500,000 as of 1 April 2017 will also be excluded.

f) For consistency, and to ensure that the benefits are directed towards businesses, local authorities and all educational establishments, are excluded from the scheme.

g) Because the relief is intended to apply to existing firms affected by increases in their existing business rates bill, new premises and new lettings (after 1 April 2017) will be excluded from the scheme.

h) This scheme applies to those businesses moving to higher bills only: it is not available for those businesses whose bills have decreased or remain the same following the revaluation.

i) The aim of the scheme is to support small and medium sized businesses based in the district. As the grant of the relief is discretionary, the District Council may choose not to grant the relief if it considers that, for example, granting the relief would not support the Council’s economic priorities for the Derbyshire Dales.

2.3 By applying these criteria, revaluation temporary relief will be applied, after the amounts specified in paragraph 2.2 (b) above have been paid, to:

- 100% of the eligible business rate increase in 2017/18 (Year 1),
- at least 50% of the eligible business rate increase in 2018/19 (Year 2),
- at least 25% of the eligible business rate increase in 2019/20 (Year 3), and
- no relief in 2020/21 (Year 4; but see paragraph 2.5 below)

without breaching the funding limits. Figures for years 2 and 3 are subject to the impact of inflation and other reliefs. The actual percentages that will apply for 2018/19 and 2019/20 will be determined by the Head of Resources subject to the operation of year 1 of the policy and available budget.

2.4 However, if the policy criteria in 2.2 were to be amended, the relief percentages applied would need to be reduced accordingly, in order not to breach the fund limits.
2.5 Should the above scheme be approved, modelling of the funding available in the first three years of the temporary scheme indicates that a proportion of this amount can be retained as a fund for exceptional cases not automatically covered by the scheme criteria. Applications will be considered at the discretion of the Head of Resources (or in her absence, or in cases of conflict of interest, the Financial Services Manager) until the fund is exhausted. The Government allocation available in year 4 (2020/21) at £11,000 is too little to operate an allocation scheme, so it is proposed that the fourth year operates entirely as an exceptions fund.

2.6 The scheme will be administered by the Business Rates team (currently arvato) who will provide an annual report to the Head of Resources for her approval, and regular monitoring reports for information.

2.7 Because the grant funding reduces year-on-year, the amount of temporary relief reduces similarly. This is an established feature of this scheme and no formal annual notice to businesses affected will be given.

2.8 The amount of relief awarded will be recalculated in the event of a change of circumstances. This could include, for example, a backdated change to the rateable value or the hereditament. This change of circumstances could arise during the year in question or during a later year.

2.9 If an award is made and a subsequent award of another discount, exception or relief is awarded, the revaluation relief will be reviewed to ensure that the award remains in line with current policy.

2.10 Any appeals under this policy will be considered by the Chief Executive.

3 CONSULTATION

3.1 In developing the business rates revaluation temporary relief scheme, consultation is being carried out with precepting authorities (Derbyshire County Council and Derbyshire Fire and Rescue Service). The business community is also being consulted via Business Peak District and East Midlands Chamber.

3.2 The draft scheme has been amended to reflect comments already received, and any further comments will be reported verbally at the meeting.

4 STATE AID

4.1 Under certain circumstances the award of discretionary relief could be considered to be State Aid. However, an undertaking may receive up to €200,000 of aid in a three-year period (consisting of the current financial year and the two previous financial years) – the De Minimis limit.

4.2 All businesses will be required to complete a declaration to confirm that they have not received more than the De Minimis amount of State Aid (including the business rate relief provided).
5 RISK ASSESSMENT

5.1 Legal.
The Non-Domestic Rating (Discretionary Relief) Regulations 1989 (S.I. 1989/1059) require authorities to provide ratepayers with at least one year’s written notice before any decision to revoke or vary a decision so as to increase the amount the ratepayer has to pay takes effect. Such a revocation or variation of a decision can only take effect at the end of a financial year. However, within these regulations, authorities may still make decisions which are conditional upon eligibly criteria or rules for calculating relief which allow the amount of relief to be amended within the year to reflect changing circumstances. The legal risk overall is assessed as Low.

5.2 Financial.
The government will reimburse local authorities that use their discretionary relief powers, under section 47 of the Local Government Finance Act 1988, as amended, to grant relief. The scheme as set out in the report is fully funded by central Government. Modelling the scheme as proposed indicates a cost of £348,000 in year 1. As stated in the report, it would be the intention for the Head of Resources to adjust the scheme percentages in Years 2 and 3 so as to utilise the funding as fully as possible. The remainder is set aside for exceptional cases. If the scheme is approved as proposed, it should not exceed available funding. The financial risk is assessed as Low.

5.3 Corporate.
Should the scheme be adopted as drafted, it will be in accordance with the District Council’s top priority to support business growth and job creation. The corporate risk is assessed as Low.

6 OTHER CONSIDERATIONS
In preparing this report, the relevance of the following factors has also been considered: prevention of crime and disorder, equalities, environmental, climate change, health, human rights, personnel and property.

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COUNCIL  
12 OCTOBER 2017

Report of the Head of Resources and the Head of Regeneration and Policy

BUSINESS RATES DISCRETIONARY RELIEF POLICY OPTIONS

PURPOSE OF REPORT

To approve for consultation policy options on discretionary reliefs for National Non-Domestic Rates (business rates), that aim to assist genuine local charities and to support those businesses delivering additional high-quality jobs in the Derbyshire Dales.

RECOMMENDATION

The draft business rates discretionary relief policy options set out in the report be approved for consultation

WARDS AFFECTED

All

STRATEGIC LINK

Economic development is highlighted in the Corporate Plan 2015-2019 as the District Council’s highest priority. Business growth and job creation is the top priority, following extensive public consultation confirming that a thriving district is residents’ overriding wish. The District Council’s vision is for a Derbyshire Dales with high-wage, high-skill jobs.

1 BACKGROUND

1.1 Although the District Council has operated for many years with a partial policy on discretionary rate relief for businesses, there are a number of reasons why now is an appropriate time for a comprehensive policy to be put in place:

- there is an increasing plethora of business rate reliefs being put in place by the Government, and it is important that the District Council has a consistent approach based on business circumstances rather than individual approaches for each relief;
- business rates comprise some 22% of the District Council’s funding (in 2017/18), so any reliefs granted have an noticeable impact on the ability of the Council to provide frontline services in the Derbyshire Dales;
- the District Council’s top priority is business growth and job creation. There is an opportunity to use rate reliefs to support this priority with emphasis on higher quality jobs;
by facilitating the provision of new industrial units in the Derbyshire Dales to tackle the chronic shortage of readily available employment land (Council, 22 June 2017), the District Council would potentially be growing the business rates base.

1.2 The Business Rates Discretionary Reliefs that are considered in this report include:
- Rate relief for charities and not-for-profit organisations
- Rural rate relief
- ‘Partly-unoccupied’ relief
- New business premises relief
- Hardship relief
- General rate relief
- Rate Relief to promote Business Growth

1.3 Although taken into account, our policy would not specifically include the following temporary Government schemes:
- Supporting Small Business relief (no local discretion)
- Pub relief (no local discretion)
- Revaluation temporary relief (see other report on this Agenda)

1.4 It is proposed that draft policy options be approved for consultation during October / November, with a view to bringing a report and revised policy to Members for adoption at a future meeting. Consultees will include precepting authorities (Derbyshire County Council and Derbyshire Fire and Rescue Service) because a total of 10% of the cost of any relief will fall on them. Business rate payers will be consulted directly and via Business Peak District and East Midlands Chamber.

1.5 If a new policy is adopted in or before March 2018, it would be effective at that time for new applications for discretionary relief. However, any changes to existing businesses currently in receipt of relief would only apply with effect from April 2019, i.e. a year’s notice of any changes would be given.

1.6 All organisations that are awarded relief will be required to complete a declaration to confirm that they have not received more than the De Minimis amount of State Aid (including the relief requested).

2 DISCRETIONARY RELIEF POLICY OPTIONS

2.1 A new Business Rates Discretionary Relief Policy would align awards of discretionary rate relief with the District Council’s corporate priorities, and take account of existing mandatory and discretionary reliefs. It would seek to ensure all applications are treated in a fair, consistent and equal manner.

2.2 Through this policy, the District Council would provide a mechanism to reduce (or remove) the business rate liability from those charities and not-for-profit
organisations that provide certain facilities and services to communities within the Derbyshire Dales; and support sustainable business growth.

2.3 Regardless of options eventually selected, the policy will:

- Set out factors to be considered when making a decision to award or refuse relief
- Establish a framework to ensure applications are dealt with in an efficient, fair and consistent manner
- Set out the delegated authority to award relief in appropriate circumstances
- Establish an appeals procedure for organisations dissatisfied with the District Council’s decision, which involves the Licensing and Appeals Committee
- Provide a mechanism to deal with State Aid issues.

2.4 The District Council, in accordance with its top priority, wishes to encourage business growth by introducing limited, targeted, business rate reliefs. However, to fund these it will be necessary to restrict the amount of relief that is currently awarded to some charitable and not-for-profit organisations. The options presented below provide alternative means of achieving this. In some options, reduced relief would mostly affect larger rate payers; in other options a wider group of rate payers would be affected but by lesser individual amounts.

3 OPTIONS FOR CHANGE

Relief for charities and other not-for-profit organisations [some changes proposed]

3.1 Registered charities are entitled to a mandatory rate relief of 80% for properties which are occupied for charitable purposes. The District Council has discretionary powers to award further rate relief of up to 20% (commonly referred to as ‘top up’ relief). The District Council also has the discretion to award relief of up to 100% to organisations which are not established for profit and which meet certain criteria.

3.2 Each application for up to 20% discretionary (top up) charity relief or for up to 100% discretionary not-for-profit relief is considered on its own merits, with priority given to efficient and well-managed organisations that:

- primarily benefit Derbyshire Dales residents
- demonstrate a strong link with the District Council’s corporate priorities
- relieve the council of providing certain facilities or services
- serve the needs of the most deprived and excluded sections of the local community
- provide services for and in the district’s most remote communities
- maximise the use of their premises for community benefit
- are specifically established to serve particular equalities groups protected under the Equality Act 2010
3.3 There is a presumption against granting relief to an organisation whose joining fees or membership fees (or membership criteria) are set at such a level as to exclude the general community. Preference is given to

- local organisations that have a governing body whose membership mainly consists of people who live and/or work in Derbyshire Dales
- organisations reliant on volunteers to carry out their activities (if there are a number of paid employees which indicate that the organisation is semi-professionally run, relief will be restricted accordingly)
- self-help groups with few sources of funding to carry out their activities

3.4 Other considerations taken into account in assessing applications for discretionary (top up) charity relief or for discretionary not-for-profit relief will include:

- the financial cost to the District Council incurred in awarding relief
- the organisation’s ability to pay its rates (the level of reserves and other funding sources will be examined and, if substantial, relief will not normally be granted unless it can be satisfactorily demonstrated that these are being accumulated for a specific and legitimate purpose in accordance with the considerations above)
- the amount of central government funding levered-in by a discretionary rate relief award to deliver statutory or other council services
- is there any training or education as a subsidiary part of the organisation’s activities? Is the wider use of facilities encouraged for people other than members, e.g. schools, casual public sessions?
- if there is a bar, is this incidental to the main purpose of the organisation or a predominant part of its activities?
- has the organisation obtained other grants or funds? Does it conduct fund raising events or provide facilities through self-help?

3.5 Neither discretionary (top up) charity relief, nor discretionary not-for-profit relief, is awarded to:

- empty properties
- schools, colleges or academies
- charity shops
- Housing Associations
- car parking spaces

Proposed options for change

3.6 It will be necessary to reduce some reliefs in order to generate funds for two new reliefs to support the District Council’s priorities. It should be noted that in all cases, it is proposed that discretionary relief for village halls would not change from existing levels. Options proposed for consultation are as follows:

3.7 Option 1 – the discretionary relief to be awarded to any one property per annum would be capped at £5,000. This is estimated to generate in the region of £63,000 for new reliefs for business growth. Seven organisations would be affected adversely. The loss of relief to those seven organisations would range between £796 and £16,318.
3.8 Option 2 – the discretionary relief to be awarded to any one property per annum would be capped at £10,000. This is estimated to generate only £32,000 for new reliefs for business growth. Six organisations would be affected adversely. The loss of relief to those six organisations would range between £19 and £11,318.

3.9 Option 3 – organisations to pay the first 10% of their rates bill after mandatory awards, or the first £2,500 if lower, with the minimum bill being £50. This is estimated to generate some £57,000 for new reliefs for business growth. This would affect approximately 135 organisations, almost half of which (65 organisations) would pay less than £200. Only 15 organisations would be required to pay amounts between £1,000 and £2,500.

3.10 Option 4 – organisations to pay first £600 (£50 per month) of rates bill after mandatory awards. This is estimated to generate in the region of £75,000 for new reliefs for business growth. This would affect some 170 organisations, approximately 80 of which would pay less than £600 with 90 paying the full £600. This option would spread the impact across a wider group of organisations. Larger bodies would pay less under this option than under the first three options.

3.11 Option 5 – organisations to pay first £300 (£25 per month) of rates bill after mandatory awards. This could generate some £44,000 for new reliefs for business growth. It would affect the same 170 organisations as option 4, but in this case 50 would pay less than £300 with 120 paying the full £300. As with option 4, this spreads the impact across many smaller organisations and would also support the largest organisations.

3.12 Option 6 – no change. This option would maintain the current level of discretionary reliefs for charities and other not-for-profit organisations. However, this options results in no funding being made available for new reliefs for business growth to support the District Council’s top priority of business growth and job creation.

3.13 Under all options, it would be the intention of the District Council to award 80% relief to any leisure centres owned by the District Council where operated by a not-for-profit organisation, to ensure they can function on the same basis as a leisure operator with charitable status, who would be entitled to 80% mandatory relief.

New business premises relief [new proposal]

3.14 The District Council wishes to support new tenants or occupiers of new business premises where the tenant or occupier is unable to occupy the property straight away.

3.15 Currently, when an unoccupied property is completed, under existing mandatory relief it is exempt from business rates for the first three months (or six months in the case of industrial premises). This means that if a developer
completes a property and a new tenant is unable to move in straight away - for example due to adaptations required to accommodate bespoke needs – and takes it over after the rate-free period has expired, the tenant will still be liable to pay the full rates from when they took over the property.

3.16 Under this proposal, the District Council would have discretion to allow the new tenant to receive up to a further three month rate-free period (ended once the tenant takes up occupation if sooner). To facilitate this, the District Council will consider an application for discretionary relief of up to three months of the full charge from any first new tenant (or first new owner) from the date they become the first new tenant (or owner) if mandatory relief has expired, provided there is sufficient justification for the property to remain unoccupied. Where the first new tenant (or owner) is entitled to all, or part of the mandatory exemption from rates for unoccupied properties, discretionary relief will only be considered so as to ensure they get at least a three months exemption from when they took over the property. As an example, if a new tenant took over an industrial property at the start of month five (following completion) they would be entitled to 1 month mandatory relief and up to a further 2 months discretionary relief under the policy. If the tenant took over the property at the start of month 3 (following completion) they would be entitled to no additional discretionary relief.

3.17 A first new tenant (or first new owner) is the first person or body to whom the property is let or sold, after the completion of the property, provided that they have no connection to the original owner or developer.

Rate Relief to promote business growth [new proposal]

3.18 The District Council proposes to introduce the ability to grant discretionary relief (business growth discount) to support sustainable, higher quality, employment growth. Each case would be considered on its own merits, including the degree to which it demonstrates benefits to the Derbyshire Dales and its residents. Consideration will also be given as to whether the award of such relief could have an anti-competitive effect on other businesses in the district.

3.19 Applications for discretionary relief (business growth discount) would be considered against the following scenarios:

- a small or medium sized business already located in the Derbyshire Dales that is enlarging its existing premises or moving to larger premises within the district, to enable expansion and the creation of additional employment opportunities
- a small or medium sized business relocating into larger premises in the Derbyshire Dales from outside the D2N2 and SCR Local Enterprise Partnership areas

3.20 Eligible businesses should demonstrate:

- They have been trading for at least 18 months (required to provide complete first year trading accounts)
• The expansion or relocation (as defined in 3.19) is to B1 Business or B2 General Industrial premises
• Their commitment to remain in the Derbyshire Dales for at least three years [minimum 3 year lease or freehold ownership required]
• The creation of five or more skilled FTE jobs with an intended life expectancy of at least 12 months [with at least a higher wage than the Derbyshire Dales workplace average at the time of applying]. Applicants will be required to identify the timescale for new job creation (eligible businesses creating fewer jobs may be considered on a proportional basis)
• That vacancies will be advertised locally and new employment opportunities may be applied for by Derbyshire Dales residents
• How the business will create demand within the local (Derbyshire Dales) supply chain
• The need for discretionary relief to enable business growth.

3.21 Consideration will be given to any previous public sector financial assistance received by the applicant and eligibility for other business rate reliefs. All businesses will be required to complete a declaration to confirm that they have not received more than the De Minimis amount of State Aid (including the relief requested).

3.22 Businesses eligible for the business growth discount will be eligible to receive up to 100% rate relief in the first 6 months (i.e. equivalent to 50% rate relief in the first year), and up to 25% rate relief in the second year.

3.23 Awards of this relief will be subject to budget availability. Should applications for relief exceed the amount available, awards will be prioritised according to an assessment of the economic need and benefit. This is a new addition to the policy and is intended to directly support the District Council’s top corporate priority of business growth and job creation. Changes to other discretionary reliefs, proposed elsewhere in this report, would be used to fund this relief. Subject to the outcome of the consultation on options for change, consideration may need to be given to prioritising reliefs to support business growth and the criteria proposed. Minimum and maximum rateable value caps may also need to be considered.

4 EXISTING RATE RELIEF POLICIES TO REMAIN UNCHANGED

Rural rate relief

4.1 Rural rate relief applies to certain non-domestic properties that lie within a designated rural settlement with no more than 3,000 residents. A list of designated rural settlements within the area of Derbyshire Dales District Council is included at Appendix 1.

4.2 Within these settlements, mandatory 50% relief applies to certain post offices, shops, pubs and petrol stations. The District Council has previously resolved
to use its discretion to top up this relief by a further 50% in eligible cases (i.e. grant 100% rate relief).

4.3 The District Council also considers granting 25% discretionary relief to other businesses within these settlements (i.e. businesses that do not qualify for the mandatory relief). In deciding whether or not to grant this relief, applications are considered on their merits but the District Council takes the following factors into account in particular:

- Does the business supply goods or services which are essential for the day-to-day needs of the local community, e.g. food or fuel, or provision of social or welfare facilities?
- What would be the effect on the local community if the business were to close e.g. would its loss involve significant travel for an alternative supply or are there other such businesses locally?
- Does the business employ a significant number of employees from the local community, and what are the alternative employment prospects?
- Is access to free-to-use cash machines provided? We will consider applications to provide relief to cash machines where there is a clear community benefit, such as where cash machine providers commit to introduce extra cash machines or remove charges on existing machines. (The element regarding cash machines would be a new addition to the policy.)

**Partially unoccupied relief**

4.4 In cases where a business property is only partly occupied for a short period of time, the District Council may use its discretion to temporarily award a part empty relief. This may be due, for example, to a business moving in or relocating to a new property or where building works are taking place. Each case is considered on its own merits, in relation to the interests of Derbyshire Dales residents and to the District Council’s priorities. Businesses eligible for partially unoccupied relief would not be considered for new premises relief.

**Business rate relief on grounds of hardship**

4.5 In considering whether to exercise its discretionary power to allow business rate relief on grounds of hardship, the District Council must have regard to the interests of the community as a whole. This includes the cost to the community and the benefits, or disadvantages, or awarding hardship relief.

4.6 It is important to note that hardship relief is intended to cover unforeseen events which are exceptional and beyond the control of the business or organisation. Therefore trading difficulties would not normally constitute grounds for hardship relief, and neither would circumstances that would generally be covered by insurance or compensation.

4.7 Hardship relief, in accordance with Government guidelines, is used sparingly and only in the most exceptional circumstances.
General rate relief

4.8 Local authorities have the discretion to award rate relief to all types of businesses. The granting of this relief is entirely under the discretion of Derbyshire Dales District Council and each case is considered on its merits, only in the most extremely exceptional circumstances, and is referenced to the interests of Derbyshire Dales residents and the District Council’s corporate priorities.

4.9 Awards of general rate relief to be very exceptional and extremely rare.

5 RISK ASSESSMENT

5.1 Legal.
The Local Government Finance Act 1988 (as amended) provides the legal framework for the discretionary relief policy. At this stage prior to consultation, the legal risk is low.

5.2 Financial.
Savings from restricting some historical reliefs will enable the District Council to introduce new reliefs to support business growth and job creation, in accordance with the District Council’s corporate priorities. The financial risk at this consultation stage is assessed as low.

5.3 Corporate.
Should the scheme be adopted as drafted, it will be in accordance with the District Council’s top priority to support business growth and job creation. The policy to be developed following consultation will undergo an Equality Impact Assessment. The corporate risk is assessed as Low at this stage.

6 OTHER CONSIDERATIONS

In preparing this report, the relevance of the following factors has also been considered: prevention of crime and disorder, equalities, environmental, climate change, health, human rights, personnel and property.

CONTACT INFORMATION
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Steve Capes, Head of Regeneration and Policy
01629 761371, email steve.capes@derbyshiredales.gov.uk

BACKGROUND PAPERS
None

ATTACHMENTS
Appendix 1 Designated rural settlements
<table>
<thead>
<tr>
<th>APPENDIX 1</th>
<th>DESIGNATED RURAL SETTLEMENTS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Abney &amp; Abney Grange</td>
<td>Gratton</td>
</tr>
<tr>
<td>Aldwark</td>
<td>Great Hucklow</td>
</tr>
<tr>
<td>Alkmonton</td>
<td>Great Longstone</td>
</tr>
<tr>
<td>Ashford in the Water</td>
<td>Grindleford</td>
</tr>
<tr>
<td>Atlow</td>
<td>Grindlow</td>
</tr>
<tr>
<td>Ballidon</td>
<td>Harthill</td>
</tr>
<tr>
<td>Baslow &amp; Bubnell</td>
<td>Hartington Middle</td>
</tr>
<tr>
<td>Beeley</td>
<td>Hartington Nether</td>
</tr>
<tr>
<td>Biggin</td>
<td>Hartington Town</td>
</tr>
<tr>
<td>Birchover</td>
<td>Hartington Quarter</td>
</tr>
<tr>
<td>Blackwell in the Peak</td>
<td>Hassop</td>
</tr>
<tr>
<td>Bonsall</td>
<td>Hathersage</td>
</tr>
<tr>
<td>Boylestone</td>
<td>Hazelbadge</td>
</tr>
<tr>
<td>Bradbourne</td>
<td>Highlow</td>
</tr>
<tr>
<td>Bradley</td>
<td>Hognanoast</td>
</tr>
<tr>
<td>Bradwell</td>
<td>Homesford</td>
</tr>
<tr>
<td>Brailsford</td>
<td>Hopton</td>
</tr>
<tr>
<td>Brassington</td>
<td>Hopton Quarter</td>
</tr>
<tr>
<td>Brushfield</td>
<td>Hulland</td>
</tr>
<tr>
<td>Callow</td>
<td>Hulland Ward</td>
</tr>
<tr>
<td>Calver</td>
<td>Hungry Bentley</td>
</tr>
<tr>
<td>Carsington</td>
<td>Hurdlow</td>
</tr>
<tr>
<td>Chatsworth</td>
<td>Ible</td>
</tr>
<tr>
<td>Chelmorton</td>
<td>Ible</td>
</tr>
<tr>
<td>Clifton &amp; Compton</td>
<td>Ivonbrook Grange</td>
</tr>
<tr>
<td>Cromford</td>
<td>Kirk Ireton</td>
</tr>
<tr>
<td>Crowdecote</td>
<td>Kniveton</td>
</tr>
<tr>
<td>Cubley</td>
<td>Knockerdown</td>
</tr>
<tr>
<td>Curbar</td>
<td>Lea Hall</td>
</tr>
<tr>
<td>Doveridge</td>
<td>Little Hucklow</td>
</tr>
<tr>
<td>Earl Sterndale</td>
<td>Little Longstone</td>
</tr>
<tr>
<td>Eaton &amp; Alsop</td>
<td>Litton</td>
</tr>
<tr>
<td>Edensor</td>
<td>Longford</td>
</tr>
<tr>
<td>Edlaston &amp; Wyaston</td>
<td>Longshaw</td>
</tr>
<tr>
<td>Elton</td>
<td>Longford</td>
</tr>
<tr>
<td>Eyam</td>
<td>Longway Bank</td>
</tr>
<tr>
<td>Fenny Bentley</td>
<td>Mapleton</td>
</tr>
<tr>
<td>Flagg</td>
<td>Marston Montgomery</td>
</tr>
<tr>
<td>Foolow</td>
<td>Matlock Bath</td>
</tr>
<tr>
<td>Froggatt</td>
<td>Mercaston</td>
</tr>
<tr>
<td></td>
<td>Middleton</td>
</tr>
</tbody>
</table>
TREASURY MANAGEMENT ANNUAL REPORT FOR 2016/17

PURPOSE OF REPORT

This report seeks approval for the Treasury Management Annual Report for 2016/17.

RECOMMENDATION

That the Treasury Management Annual Report for 2016/17 be approved.

WARDS AFFECTED

All

STRATEGIC LINK

The above recommendation contributes to all of the Council’s Corporate Plan Priorities

1. REPORT

1.1 TREASURY MANAGEMENT ANNUAL REPORT

This council is required by regulations issued under the Local Government Act 2003 to produce an annual treasury management review of activities after the end of each financial year.

This report fulfils the Authority’s legal obligation to have regard to the CIPFA Code.

The Authority’s treasury management strategy for 2016/17 was approved at a meeting of the Authority on 3rd March 2016. The Authority has invested substantial sums of money and is therefore exposed to financial risks including the loss of invested funds and the revenue effect of changing interest rates. The successful identification, monitoring and control of risk are therefore central to the Authority’s treasury management strategy.

1.2 REPORTING REQUIREMENTS

The Council is required to receive and approve, as a minimum, three main reports each year, which incorporate a variety of policies, estimates and actuals.

The Treasury Strategy The first, and most important, report covers:
• The treasury management strategy (how the investments and borrowings are to be organised) including treasury indicators; and
• An investment strategy (the parameters on how investments are to be managed).

A mid-year treasury management report – This will update members with the progress of the capital position, amending prudential indicators as necessary, and whether any policies require revision.

An annual treasury report - (This Report) This report provides details of a selection of actual prudential and treasury indicators and actual treasury operations compared to the estimates within the strategy.

Scrutiny
The above reports are adequately scrutinised by the Corporate Leadership Team before being recommended to the Council.

1.3 EXTERNAL CONTEXT
1.3.1. Economic background

Politically, 2016/17 was an extraordinary twelve month period which defied expectations when the UK voted to leave the European Union and Donald Trump was elected the 45th President of the USA. Uncertainty over the outcome of the US presidential election, the UK’s future relationship with the EU and the slowdown witnessed in the Chinese economy in early 2016 all resulted in significant market volatility during the year. Article 50 of the Lisbon Treaty, which sets in motion the 2-year exit period from the EU, was triggered on 29th March 2017.

UK inflation had been subdued in the first half of 2016 as a consequence of weak global price pressures, past movements in sterling and restrained domestic price growth. However the sharp fall in the Sterling exchange rate following the referendum had an impact on import prices which, together with rising energy prices, resulted in the Consumer Price Index rising from 0.3% year/year in April 2016 to 2.3% year/year in March 2017.

In addition to the political fallout, the referendum’s outcome also prompted a decline in household, business and investor sentiment. The repercussions on economic growth were judged by the Bank of England to be sufficiently severe to prompt its Monetary Policy Committee (MPC) to cut the Bank Rate to 0.25% in August and embark on further gilt and corporate bond purchases as well as provide cheap funding for banks via the Term Funding Scheme to maintain the supply of credit to the economy.

Despite growth forecasts being downgraded, economic activity was fairly buoyant and GDP grew 0.6%, 0.5% and 0.7% in the second, third and fourth calendar quarters of 2016. The labour market also proved resilient, with the ILO unemployment rate dropping to 4.7% in February, its lowest level in 11 years.

Following a strengthening labour market, in moves that were largely anticipated, the US Federal Reserve increased rates at its meetings in December 2016 and March 2017, taking the target range for official interest rates to between 0.75% and 1.00%.
Financial markets: Following the referendum result, gilt yields fell sharply across the maturity spectrum on the view that Bank Rate would remain extremely low for the foreseeable future. After September there was a reversal in longer-dated gilt yields which moved higher, largely due to the MPC revising its earlier forecast that Bank Rate would be dropping to near 0% by the end of 2016. The yield on the 10-year gilt rose from 0.75% at the end of September to 1.24% at the end of December, almost back at pre-referendum levels of 1.37% on 23rd June. 20- and 50-year gilt yields also rose in Q3 2017 to 1.76% and 1.70% respectively, however in Q4 yields remained flat at around 1.62% and 1.58% respectively.

After recovering from an initial sharp drop in Q2, equity markets rallied, although displaying some volatility at the beginning of November following the US presidential election result. The FTSE-100 and FTSE All Share indices closed at 7342 and 3996 respectively on 31st March, both up 18% over the year. Commercial property values fell around 5% after the referendum, but had mostly recovered by the end of March.

Money market rates for overnight and one week periods remained low since Bank Rate was cut in August. 1- and 3-month LIBID rates averaged 0.36% and 0.47% respectively during 2016-17. Rates for 6- and 12-months increased between August and November, only to gradually fall back to August levels in March, they averaged 0.6% and 0.79% respectively during 2016-17.

Credit background: Various indicators of credit risk reacted negatively to the result of the referendum on the UK’s membership of the European Union. UK bank credit default swaps saw a modest rise but bank share prices fell sharply, on average by 20%, with UK-focused banks experiencing the largest falls. Non-UK bank share prices were not immune, although the fall in their share prices was less pronounced.

Fitch and Standard & Poor’s downgraded the UK’s sovereign rating to AA. Fitch, S&P and Moody’s have a negative outlook on the UK. Moody’s has a negative outlook on those banks and building societies that it perceives to be exposed to a more challenging operating environment arising from the ‘leave’ outcome.

None of the banks on the Authority’s lending list failed the stress tests conducted by the European Banking Authority in July and by the Bank of England in November, the latter being designed with more challenging stress scenarios, although Royal Bank of Scotland was one of the weaker banks in both tests. The tests were based on banks’ financials as at 31st December 2015, 11 months out of date for most. As part of its creditworthiness research and advice, the Authority’s treasury advisor Arlingclose regularly undertakes analysis of relevant ratios - "total loss absorbing capacity" (TLAC) or "minimum requirement for eligible liabilities" (MREL) - to determine whether there would be a bail-in of senior investors, such as local authority unsecured investments, in a stressed scenario.

In July, following a review of unrated building societies’ annual financial statements, the maximum advised maturity was lowered for eleven other societies from 6 months to 100 days due to the uncertainty facing the UK housing market following the EU referendum.

1.4 Local Context

On 31st March 2017, the Authority had net investments of £7.268m arising from its revenue and capital income and expenditure. The underlying need to borrow for capital purposes is measured by the Capital Financing Requirement (CFR), while usable
reserves and working capital are the underlying resources available for investment. These factors and the year-on-year change are summarised in table 1 below.

Table 1: Balance Sheet Summary

<table>
<thead>
<tr>
<th></th>
<th>31.3.16 Actual £'000</th>
<th>2016/17 Movement</th>
<th>31.3.17 Actual £'000</th>
</tr>
</thead>
<tbody>
<tr>
<td>General Fund CFR</td>
<td>7,325</td>
<td>-491</td>
<td>6,834</td>
</tr>
<tr>
<td>Less: Other debt liabilities</td>
<td>6,498</td>
<td>371</td>
<td>6,127</td>
</tr>
<tr>
<td><strong>Under Borrowing CFR</strong></td>
<td><strong>827</strong></td>
<td><strong>-120</strong></td>
<td><strong>707</strong></td>
</tr>
<tr>
<td>Usable reserves</td>
<td>14,359</td>
<td>975</td>
<td>15,334</td>
</tr>
<tr>
<td>Less: Working capital</td>
<td>7,102</td>
<td>964</td>
<td>8,066</td>
</tr>
<tr>
<td><strong>Net Investments</strong></td>
<td><strong>7,257</strong></td>
<td><strong>11</strong></td>
<td><strong>7,268</strong></td>
</tr>
</tbody>
</table>

Net borrowing has decreased due to a fall in the CFR as new capital expenditure was lower than the financing applied including minimum revenue provision; together with an increase in usable reserves, and a rise in working capital due to the timing of receipts and payments.

The Authority’s current strategy is to maintain borrowing and investments below their underlying levels, sometimes known as internal borrowing, in order to reduce risk and keep interest costs low. The treasury management position as at 31st March 2017 and the year-on-year change is shown in table 2 below.

Table 2: Treasury Management Summary

<table>
<thead>
<tr>
<th></th>
<th>31.3.16 Balance £'000</th>
<th>2016/17 Movement £'000</th>
<th>31.3.17 Balance £'000</th>
<th>31.3.17 Rate %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Long-term borrowing</td>
<td>5,450</td>
<td></td>
<td>5,450</td>
<td>4.1</td>
</tr>
<tr>
<td>Short-term borrowing</td>
<td>156</td>
<td></td>
<td>156</td>
<td>1.0</td>
</tr>
<tr>
<td><strong>Total borrowing</strong></td>
<td><strong>5,606</strong></td>
<td><strong>0</strong></td>
<td><strong>5,606</strong></td>
<td></td>
</tr>
<tr>
<td>Long-term investments</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Short-term investments</td>
<td>0</td>
<td>1,000</td>
<td>0</td>
<td>0.90</td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>7,257</td>
<td>-989</td>
<td>6,268</td>
<td>0.24</td>
</tr>
<tr>
<td><strong>Total investments</strong></td>
<td><strong>7,257</strong></td>
<td><strong>11</strong></td>
<td><strong>7,268</strong></td>
<td><strong>0.33</strong></td>
</tr>
<tr>
<td><strong>Net investments</strong></td>
<td><strong>1,651</strong></td>
<td><strong>1</strong></td>
<td><strong>1,662</strong></td>
<td></td>
</tr>
</tbody>
</table>

Note: the figures in the table are from the balance sheet in the Authority’s statement of accounts, but adjusted to exclude operational cash, accrued interest and other accounting adjustments.
1.5 Borrowing Strategy

At 31st March 2017, the Authority held £5.4m of loans from the Public Works Loan Board, the same as the previous year, as part of its strategy for funding previous years’ capital programmes.

The Authority’s chief objective when borrowing has been to strike an appropriately low risk balance between securing low interest costs and achieving cost certainty over the period for which funds are required, with flexibility to renegotiate loans should the Authority’s long-term plans change being a secondary objective.

In furtherance of these objectives, no new borrowing was undertaken in 2016/17, while existing loans were allowed to mature without replacement. This strategy enabled the Authority to reduce net borrowing costs (despite foregone investment income) and reduce overall treasury risk.

The “cost of carry” analysis performed by the Authority’s treasury management advisor Arlingclose did not indicate any value in borrowing in advance for future years’ planned expenditure and therefore none was taken.

Other Debt Activity

After £371,000 repayment of prior years’ finance leases liabilities, total debt other than borrowing stood at £0.527m on 31st March 2017, taking total debt to £6.127m

1.6 INVESTMENT ACTIVITY

The Authority holds invested funds, representing income received in advance of expenditure plus balances and reserves held. During 2016/17, the Authority’s investment balance ranged between £6.8m and £19m due to timing differences between income and expenditure. The year-end investment position is shown in Table 3 below.

<table>
<thead>
<tr>
<th>Investment Held</th>
<th>Amount £’000</th>
<th>Rate %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lloyds Current Account</td>
<td>3,263</td>
<td>0.15</td>
</tr>
<tr>
<td>Lloyds Community Lending</td>
<td>1,000</td>
<td>0.90</td>
</tr>
<tr>
<td>National Counties</td>
<td>3,000</td>
<td>0.34</td>
</tr>
<tr>
<td>Natwest</td>
<td>5</td>
<td>0.00</td>
</tr>
</tbody>
</table>

Both the CIPFA Code and government guidance require the Authority to invest its funds prudently, and to have regard to the security and liquidity of its investments before seeking the highest rate of return, or yield. The Authority’s objective when investing money is to strike an appropriate balance between risk and return, minimising the risk of incurring losses from defaults and the risk of receiving unsuitably low investment income.

At 31st March 2017, the average rate of the council’s investments earned a return of 0.33%, compared to a base rate of 0.25%.
1.7 Compliance Report

The Head of Resources is pleased to report that all treasury management activities undertaken during 2016/17 complied fully with the CIPFA Code of Practice and the Authority’s approved Treasury Management Strategy.

Compliance with specific investment limits is demonstrated in table 4 below.

Table 4: Investment Limits

<table>
<thead>
<tr>
<th></th>
<th>2016/17 Maximum</th>
<th>31.3.17 Actual</th>
<th>2016/17 Limit</th>
<th>Complied</th>
</tr>
</thead>
<tbody>
<tr>
<td>Banks Higher Quality – AAA (per Bank)</td>
<td>£3m</td>
<td>0</td>
<td>£3m</td>
<td>✔️</td>
</tr>
<tr>
<td>Banks Part Nationalised (per bank)</td>
<td>0</td>
<td>0</td>
<td>£3m</td>
<td>✔️</td>
</tr>
<tr>
<td>Banks – Council’s Own banker (Lloyds)</td>
<td>£6m</td>
<td>£4.2m</td>
<td>£6m</td>
<td>✔️</td>
</tr>
<tr>
<td>Building Societies – Per Society</td>
<td>£3m</td>
<td>£3m</td>
<td>£3m</td>
<td>✔️</td>
</tr>
<tr>
<td>Local Authorities per Authority</td>
<td>£3m</td>
<td>0</td>
<td>£3m</td>
<td>✔️</td>
</tr>
<tr>
<td>Money Market Funds (per fund)</td>
<td>0</td>
<td>0</td>
<td>£2m</td>
<td>✔️</td>
</tr>
<tr>
<td>UK Government</td>
<td>0</td>
<td>0</td>
<td>Unlimited</td>
<td>✔️</td>
</tr>
<tr>
<td>Certificates of Deposits</td>
<td>£2m</td>
<td>0</td>
<td>£3m</td>
<td>✔️</td>
</tr>
</tbody>
</table>

Compliance with the authorised limit and operational boundary for external debt is demonstrated in table 5 below.

Table 5: Debt Limits

<table>
<thead>
<tr>
<th></th>
<th>2016/17 Maximum</th>
<th>31.3.17 Actual</th>
<th>2016/17 Operational Boundary</th>
<th>2016/17 Authorised Limit</th>
<th>Complied</th>
</tr>
</thead>
<tbody>
<tr>
<td>Borrowing</td>
<td>6,600</td>
<td>5,600</td>
<td>8,000</td>
<td>11,000</td>
<td>✔️</td>
</tr>
<tr>
<td>PFI &amp; finance leases</td>
<td>527</td>
<td>527</td>
<td>2,000</td>
<td>2,000</td>
<td>✔️</td>
</tr>
<tr>
<td>Total debt</td>
<td>6,652</td>
<td>6,127</td>
<td>10,000</td>
<td>13,000</td>
<td>✔️</td>
</tr>
</tbody>
</table>

Since the operational boundary is a management tool for in-year monitoring it is not significant if the operational boundary is breached on occasions due to variations in cash flow, and this is not counted as a compliance failure.

1.8 Treasury Management Indicators

The Authority measures and manages its exposures to treasury management risks using the following indicators:
Security: The Authority receives weekly advice from Arlingclose. Credit ratings are continually assessed by the three main rating agencies and compared to our investment portfolio.

Liquidity: The Authority has adopted a voluntary measure of its exposure to liquidity risk by monitoring the amount of cash available to meet unexpected payments within a rolling three month period, without additional borrowing.

<table>
<thead>
<tr>
<th></th>
<th>31.3.17 Actual</th>
<th>2016/17 Target</th>
<th>Complied</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total cash available within 3 months</td>
<td>6,268</td>
<td>n/a</td>
<td>✓</td>
</tr>
<tr>
<td>Total sum borrowed in past 3 months without prior notice</td>
<td>1,000</td>
<td>n/a</td>
<td>✓</td>
</tr>
</tbody>
</table>

Interest Rate Exposures: This indicator is set to control the Authority's exposure to interest rate risk. The upper limits on fixed and variable rate interest rate exposures, expressed as the amount of net principal borrowed was:

<table>
<thead>
<tr>
<th></th>
<th>2016/17 Limit</th>
<th>Complied</th>
</tr>
</thead>
<tbody>
<tr>
<td>Upper limit on fixed interest rate exposure</td>
<td>100%</td>
<td>✓</td>
</tr>
<tr>
<td>Upper limit on variable interest rate exposure</td>
<td>30%</td>
<td>✓</td>
</tr>
</tbody>
</table>

Fixed rate investments and borrowings are those where the rate of interest is fixed for at least 12 months, measured from the start of the financial year or the transaction date if later. All other instruments are classed as variable rate.

Maturity Structure of Borrowing: This indicator is set to control the Authority's exposure to refinancing risk. The upper and lower limits on the maturity structure of fixed rate borrowing were:

<table>
<thead>
<tr>
<th></th>
<th>Upper Limit</th>
<th>Lower Limit</th>
<th>Complied</th>
</tr>
</thead>
<tbody>
<tr>
<td>Under 12 months</td>
<td>50%</td>
<td>0%</td>
<td>✓</td>
</tr>
<tr>
<td>12 months and within 24 months</td>
<td>50%</td>
<td>0%</td>
<td>✓</td>
</tr>
<tr>
<td>24 months and within 5 years</td>
<td>50%</td>
<td>0%</td>
<td>✓</td>
</tr>
<tr>
<td>5 years and within 10 years</td>
<td>75%</td>
<td>0%</td>
<td>✓</td>
</tr>
<tr>
<td>10 years and above</td>
<td>100%</td>
<td>0%</td>
<td>✓</td>
</tr>
</tbody>
</table>

Time periods start on the first day of each financial year. The maturity date of borrowing is the earliest date on which the lender can demand repayment.
Principal Sums Invested for Periods Longer than 364 days: The purpose of this indicator is to control the Authority’s exposure to the risk of incurring losses by seeking early repayment of its investments. The limits on the long-term principal sum invested to final maturities beyond the period end were:

<table>
<thead>
<tr>
<th></th>
<th>2016/17</th>
<th>2017/18</th>
<th>2018/19</th>
</tr>
</thead>
<tbody>
<tr>
<td>Actual principal invested beyond year end</td>
<td>1,000</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Limit on principal invested beyond year end</td>
<td>2,000</td>
<td>2,000</td>
<td>2,000</td>
</tr>
<tr>
<td>Complied</td>
<td>✔</td>
<td>✔</td>
<td>✔</td>
</tr>
</tbody>
</table>

2 RISK ASSESSMENT

2.1 Legal

The report complies with best practice and government guidance on the preparation of the treasury management strategy statement. The legal risk is therefore low.

2.2 Financial

The budget for investment income in 2016/17 was £36,000 compared to Actual Interest received of £46,813

2.3 Corporate

This strategy sets in place a proposed structure and systems that place security of investments above yield. The risk is therefore assessed as low.

3 OTHER CONSIDERATIONS

In preparing this report the relevance of the following factors has also been considered: prevention of crime and disorder, equalities, environmental, climate change, health, human rights, personnel and property.

4 CONTACT INFORMATION

For further information contact:
Karen Henriksen 01629 761284 or
Email: karen.henriksen@derbyshiredales.gov.uk

5 BACKGROUND PAPERS

None
COUNCIL
12 OCTOBER 2017

Report of the Head of Corporate Services

VACATION OF OFFICE DISPENSATION

SUMMARY
To consider granting a dispensation to allow Councillor Irene Ratcliffe to be absent from meetings of the Council for a period exceeding six months.

RECOMMENDATION
The views of the Council are sought.

WARDS AFFECTED
Not applicable

STRATEGIC LINK
Not applicable

1 REPORT
A Councillor who for six months fails to attend any meetings of the Council (or its Committees or Sub-Committees) ceases to be a Member of the Authority unless, within that period, the Council approves his/her absence. A request for such a dispensation has been received from Councillor Irene Ratcliffe.

Councillor Irene Ratcliffe is currently indisposed due to recuperation from an illness.

Councillor Irene Ratcliffe last attended a meeting of the Council on 22 June 2017 and is therefore covered for leave of absence until 21 December 2017; Councillor Ratcliffe has requested a Vacation of Office Dispensation until 21 June 2018.

2 RISK ASSESSMENT

2.1 Legal
The legal provisions regarding Vacation of Office by failure to attend meetings are contained in Section 85 of The Local Government Act 1972. The legal risk is therefore low.

2.2 Financial
There are no financial considerations arising from the report.
3 OTHER CONSIDERATIONS

In preparing this report, the relevance of the following factors has also been considered: prevention of crime and disorder, equalities, environmental, climate change, health, human rights, personnel and property.

4 CONTACT INFORMATION

Sandra Lamb, Head of Corporate Services Email sandra.lamb@derbyshiredales.gov.uk or Tel: 01629 761281

5 BACKGROUND PAPERS

Email confirmation for request from Councillor M Ratcliffe to Head of Corporates Services 19 September 2017.

6 ATTACHMENTS

None
COUNCIL
12 OCTOBER 2017
Report of the Head of Corporate Services

REFERRED ITEMS

SUMMARY
To consider reports referred from the Governance & Resources Committee meeting held on
14 September 2017 seeking approval for funding for additional Capital Projects related to
ICT in 2017/18 and 2018/19 and approval for expenditure of £11,100 from the General
Reserve to enable an increase in working hours for the current CCTV Manager.

RECOMMENDATION

1. That Council consider a recommendation from the Governance & Resources
   Committee that funding within the revised Capital Programme be approved for:
   a. Virtual Desktop Server replacement – Estimated Capital Cost £28,000;
   b. Microsoft Windows Server license upgrade - Estimated Capital Cost £12,000;

2. That Council consider a recommendation from the Governance & Resources
   Committee that funding of £11,100 from the General Reserve be approved to enable
   an increase in working hours for the current CCTV Manager.

WARDS AFFECTED
None

STRATEGIC LINK

1. Adequate provision of ICT facilities will help to provide services efficiently and to
   reduce the risks of service disruption, supporting the achievement of all Council
   objectives.

2. Contributing to the District Council’s aims for a clean, safe and thriving environment,
   District and community by keeping public places safe, tackling crime & anti-social
   behaviour.

1 REPORT

The relevant minute of the Governance & Resources Committee is reproduced in full,
below, to assist Members’ understanding of the issues involved, with the recommendation
to be approved marked by an arrow ().

1 - ICT PROJECTS FOR CAPITAL PROGRAMME 2017-19

The Committee was asked to consider funding for additional capital projects related to ICT
in 2017/18 and 2018/19, as detailed in the report, comprising:
Virtual Desktop Server Replacement – Estimated Capital Cost £28,000;
Microsoft Windows Server license upgrade – Estimated Capital Cost £12,000;
Income Management system upgrade – Estimated Capital Cost £15,000.

It was noted that the latter cost was based on a joint project with North East Derbyshire District Council and the price being accepted by 30 September 2017. It was reported at the meeting that North East Derbyshire District Council and Chesterfield Town Council had already committed to the system upgrade.

It was moved by Councillor Mike Ratcliffe, seconded by Councillor Sue Bull and

RESOLVED (unanimously)
1. That approval be granted for the:
   a. Virtual Desktop Server replacement
   b. Microsoft Windows Server license upgrade
   c. Income Management system upgrade

2. That, subject to the approval of recommendation 1, Council be requested to approve funding for these projects within the revised capital programme.

2 - CCTV DATA PROTECTION AND COMPLIANCE

The Committee considered a report advising on the need to ensure compliance with the impending introduction of the General Data Protection Regulation, including additional resources required to manage the District Council’s CCTV system, mainly focused on how the authority needed to respond to people who request CCTV data. The District Council was not currently equipped to deal with the new requirements and following the recommendation by the Data Protection Consultant, an increase of 2 days per week to the CCTV manager’s contract for a period of 12 months was requested to help meet these requirements at a cost of approximately £11,100 from the General Reserve. The effectiveness of the extended contract would be monitored and reviewed towards the end of the 12 month period, and the results would be reported back to Members in due course. If it was felt that an extension of the contract was necessary, further funding may be requested.

It was noted that the General Data Protection Regulation did not allow charges for footage requests, therefore there would be no option to recover costs.

It was moved by Councillor Albert Catt, seconded by Councillor Colin Swindell and

RESOLVED (unanimously) That Council be requested to approve expenditure of £11,100 from the General Reserve to enable an increase in working hours for the current CCTV Manager.